

Government
Publications

CA1
SA5
-A55

Canada. Mutual Aid Board
Report.
[1st] (1943/44)



3 1761 11709293 2

TORONTO



v-Doc
Can
Mut

Government
Publications

Canada. Mutual Aid Board



[181]
Report of

The Canadian Mutual Aid Board

May 20, 1943 to March 31, 1944



OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944



Gov. Doc Canada Mutual Aid Board
Can
Mut

List

Report of

The Canadian Mutual Aid Board

May 20, 1943 to March 31, 1944

1943/44



464997
7.8.47

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

CANADIAN MUTUAL AID BOARD

Hon. C. D. Howe, Minister of Munitions and Supply, Chairman.

Hon. J. L. Ralston, Minister of National Defence.

Hon. J. L. Ilsley, Minister of Finance.

Hon. J. G. Gardiner, Minister of Agriculture.

Hon. L. St. Laurent, Minister of Justice.

Karl C. Fraser, Director of Administration.

Commander D. K. MacTavish, Secretary.

TABLE OF CONTENTS

| CHAPTER | Page |
|--|------|
| 1 The Mutual Aid Program..... | 5 |
| 2 The Inter-Allied Relationship..... | 8 |
| 3 Mutual Aid Operations..... | 10 |
| 4 The United Kingdom..... | 14 |
| 5 Union of Soviet Socialist Republics..... | 21 |
| 6 The French Committee of National Liberation..... | 24 |
| 7 China..... | 26 |
| 8 Australia..... | 28 |
| 9 The West Indies..... | 31 |
| 10 India..... | 33 |
| 11 Administration..... | 34 |
| APPENDIX I—The United Nation's Mutual Aid Act..... | 39 |
| APPENDIX II—Agreement between Canada and the United Kingdom on Mutual Aid..... | 43 |

REPORT OF THE CANADIAN MUTUAL AID BOARD FOR THE PERIOD MAY 20, 1943, TO MARCH 31, 1944

CHAPTER 1 THE MUTUAL AID PROGRAM

With the weight of arms of the United Nations embarked upon the invasion of Europe, it is timely that the Mutual Aid Board report to Parliament upon its operations under the United Nations Mutual Aid Act. Parliament will be enabled to assess its operations in terms of the contribution Canada has made to this great effort. It will be enabled better to judge whether this nation, favoured beyond most in natural resources and productive capacity, secure beyond most from the disruption and havoc of bomb and incendiary, has made its full material contribution to the ultimate victory of the United Nations.

With the passage of the Mutual Aid Act on May 20, 1943, Parliament pledged not for the first time, a contribution of war supplies, in the words of the Act "essential to the defence and security of Canada and the cause of world freedom".

In the assault on Europe, Canadian sailors, soldiers and airmen will fight side by side with allied forces. Canadian munitions will play a large part, as they have in the campaigns that have already been waged. Canadian-built Lancaster bombers will continue to soften up the defences. Allied troops will debark from Canadian-built ships. Canadian-built escort vessels will protect them on the seas and Canadian-built Mosquito fighters in the air. They will use Canadian-built fighting vehicles, trucks, guns, ammunition and equipment. Throughout the world, men who fight for freedom in the allied cause are armed, strengthened and sustained by supplies from Canada.

To many of the United Nations, supplies have been moving under Mutual Aid. The Act made it possible for Canada to supply munitions, food and essential materials to any ally needing them for use "in the joint and effective prosecution of the war", but unable to buy them from us.

USE OF MUTUAL AID FUNDS

Under Mutual Aid, Canada, of course, does not give money or credit to other countries. She provides Canadian goods and services, but only those goods and services which she herself decides Canada can and should supply. The money voted to the Mutual Aid Board goes to Canadians for their services and their products. Most of it reaches the wage earner and the farmer. For each Lancaster airframe built approximately \$140,000 goes into the pay envelopes of the men and women in the Malton plant and much of the remainder of the cost to workers producing parts and materials. Every 10,000 ton cargo vessel that is built in Canada for United Kingdom service under Mutual Aid provides about \$500,000 in direct payrolls to the workers in the yards in British Columbia or Quebec. Most of the balance of the cost goes to men and women in the mines, mills and factories throughout Canada where the materials and equipment are produced. This high level of industrial activity in turn sets money circulating in the ancillary industries—such as the railroads, the utilities, retail trade. Again in agriculture, Canada provides farm products, not funds, under Mutual Aid. The Mutual Aid funds go to the Canadian farmer for his wheat and his bacon.

The total Mutual Aid expenditures up to March 31, 1944, under various headings were as follows:—

| | | |
|--|---------------|----|
| The United Kingdom | \$723,753,786 | 96 |
| The Union of Soviet Socialist Republics..... | 23,282,292 | 53 |
| (See note below) | | |
| Australia | 20,959,845 | 42 |
| (See note below) | | |
| China | 4,101,587 | 96 |
| (See note below) | | |
| West Indies | 874,478 | 82 |
| India | 482,192 | 66 |

Total\$773,454,184 35

| | | |
|---|-------------|----|
| Expenditures for war supplies held by the Mutual Aid Board in transit or in storage, to be transferred to recipient countries in future | 139,123,563 | 85 |
| Expenditures for administration..... | 25,472 | 14 |

Total Expenditures\$912,603,220 34

The above figures represent the accounts, actually paid up to March 31. The value of shipments up to that date substantially exceeds the accounts paid in the case of U.S.S.R. Australia, and China.

For the French Committee of National Liberation, two French light cruisers have been refitted with Canadian anti-aircraft guns. Provision is being made to supply the recently received requirements for a substantial volume of supplies for the army, navy, and civilian personnel of the Fighting French. The completion of such transactions falls within the ensuing year. They are not dealt with in this report. Since the process of supply is a continuous one, a considerable volume of other orders, placed and in various stages of execution at March 31, 1944, falls also within this category.

CHAPTER 2

THE INTER-ALLIED RELATIONSHIP

In making supplies available to Allies under Mutual Aid, Canada acts in complete partnership with the United Kingdom, the United States and the other United Nations who have pledged their available resources to arm, supply and feed those Allies who cannot prosecute the war to the full without such assistance. The United States has, of course, needed no help from Canada under Mutual Aid. Neither has Canada received any assistance for herself under Lend-Lease. The United Kingdom, recipient under both Lend-Lease and Mutual Aid, has nevertheless been able to make supplies available in great amounts to other countries on "Lend-Lease" terms. She has, for example, furnished Russia with a vast variety of supplies which Britain is best able to provide such as Spitfire planes. Moreover, she furnished vital shipping and convoy services.

RECIPROCAL AID

In the agreements which the nations receiving Mutual Aid have concluded with Canada there is provision for Canada receiving such reciprocal aid as may be determined from time to time in the light of the development of the war. Up to the present Canada has not sought such reciprocal aid, because she has had funds to pay for what she required in the countries receiving Mutual Aid. Canada has followed the principle of providing Mutual Aid only to the extent that countries are unable to provide Canadian dollars for what they require in Canada. The same principle has been followed in not seeking reciprocal aid where Canada was able to buy what she needed.

The United Kingdom on its own initiative has given Canada reciprocal aid in the form of six destroyers for the Royal Canadian Navy, and has announced its intention to provide Canada with two cruisers and other ships in the near future. The United Kingdom since early in the war has been providing without charge the armament for many of Canada's merchant ships.

The sacrifices of allied soldiers, sailors and airmen transcend any form of material aid. The weighing of lives against munitions cannot be made in a report. It must be made in the heart and conscience of every Canadian.

Mutual Aid is designed also to avert the tragic consequences of the huge inter-allied debts of the last war, which were responsible for a part of the suffering, depression and unemployment of the past quarter century and indeed, in part, for the outbreak of this war. No one can put a price on a precaution taken to avert distress and catastrophe. Few will deny the wisdom of taking it.

CANADIAN SUPPLIES IDENTIFIED

It is difficult to assess even the more direct benefits to Canada of Mutual Aid. It is, moreover, ill-becoming in a time of common emergency to over-emphasize national as distinct from mutual benefit. Canada need not, however, be blind to such benefit. Under Mutual Aid, Canadian goods are moving into almost every corner of the globe to strengthen the war effort and to sustain or relieve the distress of hundreds of millions of people in many great nations. These goods are clearly identified as Canadian by a distinctive insignia. The value to Canada to-day and to-morrow of the goodwill so engendered is great and incalculable.

CHAPTER 3

MUTUAL AID OPERATIONS

There is an important distinction between Mutual Aid and the previous methods used by Canada in assisting Allied Nations to obtain Canadian supplies. In the first place, the previous arrangements were made with Britain only. Canada assisted Britain to obtain Canadian dollars to purchase her own requirements in Canada, to purchase some supplies in Canada to be turned over to Russia and to other countries, and also Canadian dollars which Britain, as the holder of the sterling area pool of dollars, made available to Australia, India and other nations of the sterling area to enable them to buy in Canada. Under Mutual Aid, however, Canada offers assistance directly to the various nations needing assistance to obtain Canadian supplies. Russia, Australia, China and the Free French present their requests for aid direct to Canada, and Canada turns over the supplies direct to them. There is then no doubt as to the Canadian origin of the supplies and the Canadian source of the assistance is thus made clear.

A second difference between Mutual Aid and the previous arrangements is that all the earlier measures were financial, while Mutual Aid is in physical terms. Formerly Canada provided Britain—and indirectly other nations—with money to buy war supplies in Canada. Now under Mutual Aid Canada provides Britain and the other nations with the actual war supplies which they need. Canada contributes planes, tanks and ships, wheat, bacon and lumber, to her fighting allies—just as she provides the services of her navy, army and air force in the common cause. The financing of Mutual Aid is purely a domestic affair.

ESSENTIALITY

The safeguards which the Board has observed are designed to ensure that supplies are furnished under Mutual Aid, not only in fulfilment of the implicit pledge in the Act, but in conformity with the purpose of the Act and declared policy of the Government.

Such supplies must be used in the "joint and effective prosecution of the war." Accordingly, the first action taken by the Board in dealing with a request is to determine that the supplies are essential.

The precautions taken by the Mutual Aid authorities are of several types.

The broad general purposes for which the supplies are to be used are set out in the Mutual Aid agreements which have been entered into with the United Kingdom, Australia, the U.S.S.R., China and the French Committee of National Liberation. These stipulate that: Mutual Aid supplies shall be used in the effective prosecution of the war and that they will not be transferred to any other country without Canadian consent; the recipient will continue to contribute to the defence of Canada and to provide such assistance in return as may be possible; the recipient will join in fostering the expansion of employment, production and consumption and commerce throughout the world with the object of contributing to fulfilment of the objectives set forth in the Atlantic Charter. Canada, in turn, undertakes to supply as Mutual Aid such war supplies as she is in a position to provide. The agreements signed with all countries are in substantially the same terms. They have already been tabled in Parliament.

The essentiality of the supplies is, in the specific case, determined in the manner considered best suited to the character of the goods and to Canadian information on the requirements of the recipient.

MUNITIONS AND EQUIPMENT FOR THE U. K.

In the case of munitions and military equipment for the United Kingdom, the Canadian chiefs of staffs are asked to consider and decide on the military need for the supplies requested, in the light of their knowledge of the tactical and strategic issues involved and their familiarity with the requirements of Canada's own forces.

U.S.S.R. PROTOCOL

U.S.S.R. requirements are provided in accordance with formal agreements known as Protocols, each covering roughly a year's requirements. First, the

Russian requirements are made known to the United Kingdom, the United States and Canada. The three nations weigh the requests in the light of the strategic situation and in the light of their supply positions. They agree how much of the requirement it is possible to meet and what munitions, commodities and materials each country can best supply. The three countries then undertake to furnish the agreed list of supplies to the U.S.S.R. This undertaking takes the form of a Protocol Agreement.

THE FRENCH COMMITTEE

Requirements for the French Committee of National Liberation and for China are usually made up in the form of a list of general requirements adapted to North American production rather than requests for specified supplies from specific countries. Such lists are reviewed with the United States through the medium of the Joint War Aid Committee, United States-Canada. Appropriate sources of supply are agreed to and all possibility of duplication avoided. The United Kingdom authorities, where concerned, are consulted.

EFFECT ON CANADIAN ECONOMY

All lists of requirements are considered not only to determine essentiality but to assess the effect on the Canadian economy. If, to meet the requirements it should be necessary to draw upon the supplies available for Canadian purposes then the advisability of furnishing the supplies is considered as a matter of high policy and is dealt with in detail by the Mutual Aid Board and, if necessary, presented to the Cabinet.

COOPERATION WITH OTHER DEPARTMENTS

At all stages the cooperation of other Government departments and agencies has been sought and has been readily forthcoming.

The Department of External Affairs has advised the Board on matters involving considerations of international policy. The three Defence Services through the Chiefs of Staff are consulted on the strategic need of supplies for the United Kingdom and on the requirements of our Canadian armed forces. The Department of Munitions and Supply has assisted greatly in

the requisitioning and procurement of supplies and in all production matters relating to munitions and the critical materials under its control. The Wartime Prices and Trade Board has closely cooperated in all matters relating to civilian supplies. The Department of Trade and Commerce has been of substantial assistance in estimating supply possibilities and in the procurement of wheat, flour and certain civilian items. The Department of Agriculture has been adviser on food matters and procures farm products for the Board. The Department of Fisheries acts in a similar capacity in its field. The Department of Finance has been consulted continuously and in many cases has acted on the Board's behalf in financial matters.

The safeguards to ensure essential use are then:—the general Mutual Aid agreements, examination by Canadian military authorities and other Government departments and agencies, and consultation, where necessary, with British and United States authorities.

EVE-OF-SHIPMENT REVIEW

In addition, there is a special eve-of-shipment review covering all critical munitions.

This review of items which may be in short supply is conducted by the Canadian Munitions Assignment Committee. This committee reviews, once a month, the quantities of critical munitions due for delivery during the following month and their scheduled destinations. Here are considered the urgent unforeseen claims that arise from the changing fortunes of war. For instance, an unexpected set-back in a campaign may demand an immediate diversion of guns and ammunition to a critical theatre of war from the intended destination. The claim is considered by the committee and the munitions move to the troops who need them most.

CHAPTER 4

THE UNITED KINGDOM

Since early in the war Canada has been a chief source of supply for war equipment, materials and food for Britain. Much of Canada's productive capacity has been specially created to meet the needs of the British armed forces, and Canadian farm production has been greatly expanded and diverted to provide essential foods for the British people. The assurance of Canadian production has enabled Britain to contribute far more effectively to the common task of defending freedom in its darkest hours and striking back at those who threatened the civilization of the world. It follows that the allocation of Canadian production on the basis of strategic need during the past year—the year of preparation for the great assault—resulted in Britain receiving a large share of the total supplies transferred under the Mutual Aid Act. Large though this share was, Britain nevertheless bought and paid for more than she received under Mutual Aid.

The war supplies furnished Britain under Mutual Aid have included nearly all types of such supplies procured for Britain through Canadian government departments or agencies. Through the Department of Munitions and Supply were obtained planes, guns, tanks, shells, ships and literally hundreds of other items—from the most complicated radar sets to the simplest and purest chemicals. The Department of Trade and Commerce bought huge tonnages of wheat and flour. The Department of Agriculture secured bacon and beef, cheese, eggs and various other special farm products. Through the Department of Fisheries the Mutual Aid Board bought canned salmon and other fisheries products.

SUPPLIES PROVIDED

The following tabulation shows the quantities of the chief types of supplies provided to Britain on Mutual Aid up to March 31, 1944. It should be noted that these are the quantities shipped by the producers during the period and do not exactly correspond to the payments that have been made for such classes of supplies up to March 31

Aircraft

| | |
|--------------------------|-----|
| Lancaster | 42 |
| Mosquito (Bombers) | 102 |
| Harvard | 271 |
| Cornell | 254 |
| P.B. 2, BI Boeing | 98 |

Ammunition and Small Arms Ammunition (rounds) 551,990,000

(Shells and ammunition to the value of \$10,012,000, which were paid for by the United Kingdom, are included in this total. The value of those provided under Mutual Aid was \$80,341,000.)

Armoured Fighting Vehicles

| | |
|--------------------------------------|-------|
| Universal Carriers | 2,014 |
| Armoured Cars | 202 |
| Reconnaissance Armoured Cars | 3 |
| 25 Pdr. S.P. Mts. | 762 |
| Armoured Reconnaissance Trucks | 94 |

Cartridge Cases 3,089,000

Chemicals (lbs.) 92,648,000

Explosives (lbs.) 17,536,000

Farm Implements

| | |
|--------------------|-------|
| Ploughs | 2,898 |
| Drills | 1,000 |
| Binders | 1,845 |
| Threshers | 205 |
| Hammer Mills | 731 |

Farm Products and Foods

| | |
|------------------------------|-------------|
| Flour (bags) | 2,208,516 |
| Wheat (bushels) | 24,136,857 |
| | Lbs. |
| Linseed Oil | 2,613,520 |
| Bacon and meat | 411,373,755 |
| Butter | 7,048,506 |
| Cheese | 73,502,482 |
| Eggs | 4,361,752 |
| Poultry | 253,699 |
| Fish: | Cases |
| Salmon | 669,855 |
| Herring | 269,155 |
| | Lbs. |
| Frozen fish | 2,859,717 |
| Dehydrated vegetables | 5,345,713 |
| Fresh apples (barrels) | 161,000 |
| Fresh apples (boxes) | 200,000 |
| Seeds (lbs) | 1,058,599 |

Gun Barrels and Mounts—Army 12,153

Gun Barrels and Mounts—Navy 2,133

Instruments 37,734

Instruments (Naval) 5,037

Machine Guns and Small Arms

| | |
|------------------------------|---------|
| Bren | 39,149 |
| Browning 303 M.G. | 2,348 |
| 2" Trench Mortar | 600 |
| Rifle #4 | 143,325 |
| 2" Bomb Thrower | 690 |
| Sniper Rifles | 9,393 |
| Bren Magazines 100 Rds. | 21,647 |
| Bren Magazines 30 Rds. | 302,400 |

Mechanical Transport Vehicles 78,585*Miscellaneous**Clothing and Web Equipment*

| | |
|-----------------------------|---------|
| Battledress—Blouses | 465,000 |
| Battledress—Trousers | 605,000 |
| Great Coats | 230,000 |
| Woollen Gloves (pairs)..... | 101,000 |
| Woollen Drawers | 76,000 |
| Woollen Shirts | 58,000 |
| Caps (Comforters) | 507,000 |

Lbs.

| | |
|--------------------|-----------|
| Binder Twine | 4,000,000 |
|--------------------|-----------|

Metals

Long tons

| | |
|----------------------------------|-------|
| Ferro-Silicon Alloys | 1,415 |
| Ferrochrome (Electrolytic) | 673 |
| Magnesium Ingots | 1,703 |
| Silicon | 3,000 |

Pyrotechnics 59,100*Signals*

| | |
|------------------------------------|--------|
| Cables Field Teleph. (Miles)..... | 1,172 |
| Direction Finders | 9 |
| Lamps | 1,250 |
| Charging Sets | 19,964 |
| Receivers | 2,422 |
| Switchboards U.C. 10 Line | 2,169 |
| Special Phones | 3,392 |
| Telephones and Loudspeakers | 3,859 |
| Transmitters | 131 |
| Wireless Sets | 16,183 |
| Instrument Kits | 4,411 |
| Wavemeters Crystal Calibrated..... | 493 |
| Radio Sets | 209 |

Ships

| | |
|--------------------------------|-----|
| Minesweepers, Algerine | 2 |
| Minesweepers, Wooden | 6 |
| Military Landing Craft | 534 |
| Other Craft | 375 |
| 60' Steel Diesel Tugs | 23 |
| 65' Wooden Tugs | 5 |
| Western Isle Trawlers | 16 |
| 10,000-ton Cargo Vessels | 90 |
| 4,700-ton Cargo Vessels | 1 |

By special arrangements two 4,700-ton vessels were loaned to the United Kingdom for a particular operation.

DIVERSIONS

Strategic considerations have made it necessary for some of these war supplies transferred to Britain under Mutual Aid to be diverted to other United Nations after transfer. Some of these diversions occur in the course of actual military, naval or air operations when forces of several nations draw stores from a common pool. In these cases it is not possible to trace Mutual Aid supplies to their ultimate recipients. To attempt to do so even in the future would require elaborate bookkeeping arrangements in combat areas, and the attempt would probably fail. It would be a waste of valuable manpower and more expensive than would be justified by the information obtained.

MUTUAL AID EXPENDITURES

The expenditures from the Mutual Aid Appropriation on war supplies for Britain during the period ended March 31, excluding expenditures for supplies held in storage by the Board, the majority of which will probably be transferred to Britain, amounted in total to \$723,754,000 up to March 31, 1944. This total is composed of the following sub-totals:

(a) Munitions and Military Supplies, including Ships:

| | |
|---|---------------|
| Aircraft and Parts | \$ 34,532,000 |
| Automotive Equipment and Mechanical Transport | 81,139,000 |
| Tanks and Other Fighting Equipment | 43,522,000 |
| Chemicals and Explosives | 12,275,000 |
| Guns and Small Arms | 61,262,000 |
| Shells and Ammunition | 80,341,000 |
| (i) Merchant Vessels— | |
| Construction | 158,829,000 |
| (ii) Merchant Vessels— | |
| Repairs and Servicing | 219,000 |
| Naval Vessels and Equipment | 12,298,000 |
| Miscellaneous Equipment and Stores | 59,703,000 |
| Base Metals | 3,097,000 |
| Locomotives and Railway Rolling Stock | 822,000 |
| Freight | 6,681,000 |
| | <hr/> |
| | \$554,720,000 |
| | <hr/> |

In addition the U. K. purchased Munitions and Military Supplies to a value of... \$353,000,000

(b) Foodstuffs and Farm Products:

| | |
|-----------------------------|---------------|
| Bacon | \$ 83,947,000 |
| Canned Pork | 3,603,000 |
| Offals | 981,000 |
| Casings | 279,000 |
| Beef | 803,000 |
| Cheese | 15,541,000 |
| Butter | 2,994,000 |
| Eggs | 5,251,000 |
| Dehydrated Vegetables | 1,747,000 |
| Fresh Apples | 1,252,000 |
| Garden Seeds | 24,000 |
| Forage Crop Seeds | 268,000 |
| Poultry | 93,000 |
| Canned Salmon | 5,711,000 |
| Canned Herring | 1,424,000 |
| Frozen Fish | 434,000 |
| Wheat | 34,341,000 |
| Flour | 10,055,000 |
| Linseed Oil | 286,000 |
| | <hr/> |
| | \$169,034,000 |

In addition the U. K. purchased foodstuffs to a
value of\$252,000,000

BRITISH PURCHASES IN CANADA

In addition to the Mutual Aid supplies listed above, Britain obtained from Canada during the year ended March 31, 1944, an even larger total value of supplies and services for which she paid in full. Britain pays for all the war supplies in Canada which she is able to buy with the money she receives from the sale of goods and services to Canada, and from her other current receipts from Canada. Mutual Aid is used only to cover the excess which Britain is not in a position to pay for in Canadian dollars. While accurate and detailed figures, such as we have for Mutual Aid, are not available for all these purchases, the following are the estimated total expenditures of Britain in Canada for various purposes during the year ended March 31, 1944:

| | |
|---|------------------------|
| For Munitions and Military Supplies (1)..... | \$ 353,000,000 |
| For Foodstuffs | 252,000,000 |
| For Base Metals | 150,000,000 |
| For Lumber and other Wood Products..... | 96,000,000 |
| For other Canadian Exports | 72,000,000 |
| For War Services (including R.A.F. pay, naval expenditures, inspection, internment, etc.)..... | 101,000,000 |
| For Freight Services and Shipping..... | 102,000,000 |
| For other Purposes | 23,000,000 |
| Total | <u>\$1,149,000,000</u> |

The funds to make these expenditures were received by Britain from the following sources, it is estimated:

| | |
|--|------------------------|
| From British exports to Canada..... | \$ 101,000,000 |
| From receipts for freight services | 38,000,000 |
| From interest and dividends | 59,000,000 |
| From other current receipts | 38,000,000 |
| From capital receipts, less capital payments not shown elsewhere | 27,000,000 |
| From payments by Canadian forces overseas.... | 534,000,000 |
| From adjustments of intergovernmental transac- tions, sales of non-sterling exchange and changes in official balances (net)..... | 40,000,000 |
| From the sale of U. K. equity in Canadian war plants to the Canadian Government..... | 165,000,000 |
| From cash withdrawals from working capital funds formerly advanced to Department of Munitions and Supply and contractors..... | 190,000,000 |
| Deduct: Net balance of Canadian dollars required by sterling area other than the United King- dom and furnished from United Kingdom dollar pool | <u>—61,000,000</u> |
| Total | <u>\$1,131,000,000</u> |

(See note below.)

| | |
|--|------------------------|
| Add: Apparent errors and omissions..... | <u>18,000,000</u> |
| Total, (equals total of payments in preceding table)..... | <u>\$1,149,000,000</u> |

This figure of \$61,000,000 does not include amounts paid by other parts of the Sterling Area to the United Kingdom for Military Supplies purchased in Canada by the United Kingdom, and later transferred to other parts of the Sterling Area. The amount of such payments is not known.

(1) In addition, the United Kingdom bought munitions and military supplies with the funds which it had deposited in previous years with the Department of Munitions and Supply in the Munitions Production Revolving Fund, a working capital fund used to finance the production of munitions in Canada. The total balance of such transactions appears to be approximately \$90,000,000. This amount represents the United Kingdom equity in working capital which had been furnished to wholly owned United Kingdom Plants or Joint United Kingdom Canadian Plants at the time the United Kingdom's Capital interest in such plants was acquired by Canada.

TAKING-OVER OF CONTRACTS

As already noted Canada under the Mutual Aid Act transfers war supplies, not money, to other nations. To apply this principle in the case of Britain, it was necessary for the Canadian Government to take over the contracts which the British Government had placed in Canada through the agency of the Department of Munitions and Supply. That Department had to become a dealer in war supplies, instead of merely an agent buying on behalf of others. This takeover of the huge volume of British munitions contracts in Canada took some months to arrange, and was put into effect on September 1, 1943. Consequently it was not until that time that Mutual Aid transfers to Britain really commenced in the main classes of war supplies, although a number of items were transferred during preceding months as part of the Mutual Aid programme.

MERCHANT SHIPS

In the supplies provided to Britain as Mutual Aid up to March 31 were included 91 merchant ships to be operated by the British Ministry of War Transport carrying war supplies to all the fighting fronts and essential civilian supplies to the United Nations. The title to these ships remains with Canada; they are provided to Britain on a bare-boat charter basis. Canada will have these ships after the war—unless, of course, they are lost by enemy action or other hazards. Canada herself is unable to provide trained crews for all the ships she is building, while Britain has had more crews available than ships. Mutual Aid has made it possible to bring together Canadian ships and British crews in the most effective use for the common cause of the United Nations.

AGREEMENT

A general Mutual Aid Agreement between the Governments of Britain and Canada was signed on February 11, 1944. A copy of this agreement is included as Appendix II of this Report. Supplementing legal agreements covering the taking over of British contracts in Canada and the detailed terms of the charters on which merchant ships are transferred to Britain are practically ready for signature.

CHAPTER 5

UNION OF SOVIET SOCIALIST REPUBLICS

Canada's wealth of productive resources and capacity enables her to make a particularly useful contribution to the war effort of our valiant partner, the Soviet Union: That nation has gratefully acknowledged this contribution. Supplies furnished under Mutual Aid have done much to promote the excellent relations now prevailing between Canada and the U.S.S.R.

The succession of brilliant Soviet victories which are inexorably forcing the Germans westward, and which may indeed have turned the tide of war in favour of the Allies, is being won by her own fighting men and in the main by her own weapons. Canada is playing her part, however, in supplying materials for production of these weapons and in feeding the workers who produce them and the men who wield them. Up to March 31, she has supplied about 13,500 tons of aluminum, 11,700 tons of lead, 1,500 tons of nickel, 120,000 tons of flour and 10,000 tons of wheat, large quantities of explosives and a wide range of other supplies. Of special interest and importance has been the provision of service and repairs to Soviet vessels in Canadian ports, and the furnishing to her of complete lines of shell making equipment.

PROTOCOL

Mutual Aid to the U.S.S.R. to date has been governed principally by the Third Protocol, which sets out formally the items which the United Kingdom, the United States and Canada have undertaken to supply under the prescribed conditions to the Soviet Union between July 1, 1943 and June 30, 1944. The first Mutual Aid requisitions for stores in favour of the Soviet Union was raised on July 14, 1943, and the first shipment of Mutual Aid material left Canada on August 26.

In addition to the items set out in the Protocol a number of non-protocol or spot items have been added after consultation with the other signatories.

The following shipments have been made:—

| | |
|--|------------|
| <i>Armoured Fighting Vehicles</i> | |
| Universal Carriers | 44 |
| Explosives (lbs) | 4,809,000 |
| <i>Mechanical Transport Vehicles</i> | |
| | 340 |
| <i>Miscellaneous</i> | |
| Lathes | 61 |
| Planers | 15 |
| Tips and Blanks | 570,000 |
| Grinding Machines | 15 |
| <i>Metals and Rails</i> | |
| | Short tons |
| Steel Rails | 13,756 |
| Ferro-Silicon Alloys | 354 |
| Cadmium | 104 |
| Lead | 10,672 |
| Aluminum | 13,477 |
| Nickel | 1,510 |
| Wheat and Flour | 126,418 |
| Pyrotechnics (units) | 90,000 |

Expenditures in Canada to March 31, 1944 on behalf of Mutual Aid for the Soviet Union total \$23,282,292.53 and include the following main categories:—

| | | | |
|--|--|------------------------|----|
| <i>Automotive Equipment and Mechanical Transport</i> | | \$ 1,318,727 | 35 |
| Chemicals and Explosives | | 4,134,271 | 61 |
| Pyrotechnics | | 22,050 | 00 |
| Miscellaneous Equipment and Stores..... | | 2,981,401 | 87 |
| Aluminum | | 6,821,200 | 16 |
| Other Base Metals | | 3,951,449 | 79 |
| Freight | | 119,242 | 72 |
| Wheat | | 222,616 | 33 |
| Flour | | 2,568,209 | 88 |
| Repairs and Servicing to Soviet ships..... | | 1,143,122 | 82 |
| Total | | \$23,282,292 53 | |

These Mutual expenditures on wheat and flour commenced only in December, 1943, when the special credit provided by Canada to the U.S.S.R. in September, 1942, for the purchase of wheat and flour had been fully utilized.

PRE-MUTUAL AID ASSISTANCE

Substantial quantities of Canadian supplies, of course, moved to the Soviet Union before the introduction of Mutual Aid, but they were made available largely by the United Kingdom by way of diversions from U.K. contracts in Canada. Under the Mutual Aid Act Canada provides her share, supplying the

goods directly and she joins the U.K. and the U.S. in the protocol partnership that helps to maintain the fighting strength of our great ally. Arrangements are now being made for all diversions to be identified as Canadian contributions to the Soviet Government under Mutual Aid. The tabulation of such diversions has not yet been completed. However, supplies despatched to U.S.S.R. by the U.K. from October 1, 1941, to March 31, 1944, have included the following from Canada: 1,223 tanks, 1,348 Bren carriers, 29 sets of radar equipment, 30,000 tons of aluminum and 27,000 tons of copper.

AGREEMENT

The Mutual Aid Agreement between Canada and the U.S.S.R. was signed at Ottawa on February 11, 1944. The Soviet signatories were the Charge d'Affaires of the Soviet Legation and Mr. V. Sergeev, Deputy People's Commissar for Foreign Trade, who had twice within the past year spent a considerable time in Canada in connection with Mutual Aid supplies. The Prime Minister and the Chairman of the Mutual Aid Board signed for Canada.

CHAPTER 6

THE FRENCH COMMITTEE OF NATIONAL LIBERATION

A substantial volume of supplies for the Fighting French army, navy, and for essential civilian uses is now being made ready.

NAVAL REQUIREMENTS

Naval supplies already shipped or ready for shipment include anti-aircraft guns, Bren guns, Sten guns, rifles and mortars, all with the required ammunition, as well as clothing, signal equipment and a variety of machinery, machine tools and stores necessary for the establishment and operation of naval workshops.

Two French light cruisers have already been refitted with Canadian-built 40 millimetre anti-aircraft guns. One refitting was completed after March 31. Both were "rush" requests. With British co-operation, Canadian-made guns were made available from a stock which the British were holding for their own use. The cruisers were fitted with anti-aircraft protection and were back at sea on active duty with a minimum of delay.

ARMY REQUIREMENTS

The army's requirements have been on an even larger scale than those of the navy. Canada has undertaken to supply several hundred thousand outfits of clothing for French troops, blankets, hospital equipment, motorcycles, trucks, hand tools, cutting tools, gauges and workshop equipment. Shipment of these army stores is scheduled to commence early in the fiscal year, 1944-45. Civilian requirements are now under study following discussions in Ottawa with representatives of the French Supply Council in North America.

DISCUSSIONS

Negotiations with the French Committee began in July, 1943 when the Government informed the Committee of Canada's willingness to furnish supplies under Mutual Aid.

Advantage was taken of a visit of General Henri Giraud to Canada at that time to secure from him useful preliminary information as to French army requirements. It was necessary for the Committee to build up requisitioning and procurement organizations. There was some delay before detailed requirements on Canada were ready. Discussions were held in Ottawa with delegations from both the French naval and Military Missions, now posted in Washington. The extent and the essentiality of the French needs were established and the Board took steps to make the supplies available as quickly as possible.

AGREEMENT

The agreement between Canada and the Committee covering the principles applying to the provision of war supplies from Canada was signed in Ottawa on April 14, 1944. Monsieur G. Bonneau, Delegate of the FCNL in Canada, signed for the French Committee of National Liberation. The Prime Minister and the Chairman of the Mutual Aid Board signed for the Canadian Government.

CHAPTER 7

CHINA

The first consignment of Canadian supplies for China under the Mutual Aid Act, has gone forward to India to augment the stockpile being built up by the Allied military authorities against the day when land routes into China will again be available.

At present, air routes provide the means of transportation and the weight, quantity and character of supplies must conform to the exigencies of air transport. Accordingly, aid for China has been limited by this factor.

SHIPMENT OF COMPLETE UNITS

Special effort was made to ship munitions complete in every detail and in units so that each unit of munitions will equip units of the Chinese forces for immediate combat with the requisite quantities of guns, small arms, ammunition and vehicles. Supplies shipped to date include substantial quantities of 6 pdr. guns, anti-aircraft guns, Bren guns, Sten guns, signal and wireless equipment and vehicles.

The services of the officers of a technical military mission which the Chinese Government sent to Canada in June of 1943 have been of great assistance in the preparation of the Chinese shipments.

The first step toward establishing a Mutual Aid relationship was a formal request in June, 1943, from the Foreign Minister of the Republic of China to the Government. Canadian authorities investigated the possibility of supply and, in August, advised China what might be made available.

The value and tonnage of Mutual Aid Shipments to China up to March 31, 1944, were:—

| | Estimated value | Tonnage Short tons |
|---|--------------------|-----------------------|
| Ammunition | \$3,243,375 00 | 3,046 |
| Guns and Accessories | 3,775,225 00 | 875 |
| Automotive Vehicles | 1,502,612 00 | 2,724 |
| Wireless Equipment | 464,592 00 | 111 |
| Miscellaneous | 146,245 00 | 34 |
| Sub-total | \$9,132,049 00 | 6,790 |
| Estimated freight and shipping charges 10% | 913,204 00 | |
| Total | \$10,045,253 00 | 6,790 |

AGREEMENT

An agreement between the two governments, covering the principles to be applied to the provision of Canadian supplies to China, was executed in Ottawa on March 22, 1944. His Excellency, the Chinese Ambassador to Canada, signed for the National Government of China. The Prime Minister and the Chairman of the Mutual Aid Board signed for the Canadian Government.

CHAPTER 8

AUSTRALIA

Australia requires a wide variety of war supplies from Canada. Before the war Australia bought from Canada a number of raw and manufactured products, including particularly wood and paper products, textile products and metal products of various kinds. Many of these are essential items which are still required under war conditions or for war purposes. The Australian armed forces—which have so distinguished themselves in action first in the Mediterranean area and later in the Pacific—need large amounts of Canadian equipment and ammunition. Australia has created a substantial war industry of her own which requires raw materials and semi-finished products from Canada. Canadian requirements from Australia, on the other hand, have not increased greatly as a consequence of the war. As a result, the excess of Australian wartime requirements in Canada over the purchases which Canada makes from her is substantial and is composed of a large variety of essential supplies in addition to military equipment proper.

AIR TRAINING

Canada is therefore providing as Mutual Aid a substantial proportion of Australia's total requirements from Canada, comprising a wide variety of items. The largest item is a service—declared in accordance with the Act to be a war supply, namely, the training of Australian airmen in Canada under the British Commonwealth Air Training Plan. Australia's share of the training costs in Canada is in itself more than the total of all Canada's current purchases from Australia. The Mutual Aid Board has, therefore, been meeting these costs on behalf of the Australian Government, making these vital services available as Mutual Aid.

TOTAL EXPENDITURES

The total funds actually paid from Mutual Aid on behalf of Australia up to March 31, 1944, amounted to \$20,959,845. Of this \$13,651,707 was for air training services. The remaining \$7,308,137 was for goods

procured through the Department of Munitions and Supply. But the total value of the Mutual Aid furnished to Australia up to March 31 substantially exceeded the actual payments made by the Board up to that date, and amounted to \$28,011,238.

This amount is composed of the following items:—

| | |
|---|------------|
| Aircraft and Parts | \$ 966,658 |
| Automotive Equipment and Mechanical Transport .. | 6,799,742 |
| Chemicals and Explosives | 97,012 |
| Guns and Small Arms | 1,112,317 |
| Shells and Ammunition | 2,700 |
| Naval Vessels and Equipment | 57,800 |
| Miscellaneous Equipment | 575,075 |
| Aluminum | 2,110 |
| Other Metals | 213,117 |
| Textiles, Web Equipment and other Military Requirements | 904,264 |
| Steel | 140,501 |
| Timber | 1,543,293 |
| Freight and Other Charges..... | 1,944,942 |

Total\$14,359,531

In addition to the foregoing, payment was made on behalf of Australia under the Commonwealth

Air Training plan in the amount of.....\$13,651,707

Total\$28,011,238

The following figures show the quantities of Mutual Aid shipments under various headings from October 1, 1943, to March 31, 1944:—

| | |
|--|-----------|
| <i>Chemicals (long tons)</i> | 628 |
| <i>Radio Sets</i> | 24 |
| <i>Machine Guns and Small Arms</i> | |
| Rifles, Cooney | 154 |
| <i>Mechanical Transport Vehicles</i> | 3,059 |
| <i>Miscellaneous</i> | |
| Web Equipment Sets | 916,000 |
| <i>Ships</i> | |
| 4,700-ton Cargo Vessel..... | 1 |
| | M.B. ft. |
| <i>Lumber</i> | 23,504 |
| | Long tons |
| <i>Wood Products</i> | 614 |
| <i>Metals</i> | 612 |
| <i>Agriculture Implements</i> | 20 |
| <i>Aircraft Parts</i> | 292 |

For her army, Australia is receiving Canada's military specialty—motor vehicles. For her military

construction and war industries she is receiving timber. For her aircraft industry she is receiving aluminum, plywood and parts. For shipping foods and munitions to the fronts she is receiving box shocks.

SHIPPING

Canada is also furnishing shipping service to Australia under Mutual Aid. The war supplies provided to Australia under the Act are carried in Canadian-owned and operated ships to Australian ports as a Mutual Aid service in itself. Canada is also lending ships to Australia under Mutual Aid charters similar to those under which Canadian ships are being operated by Britain. These ships are for use in the vital Australian coastal service—moving raw materials to war factories, or munitions to operational bases.

AGREEMENT

A Mutual Aid Agreement between the Government of Australia and of Canada was signed on March 9, 1944. The terms were identical with those of the Agreement signed with Britain, which is included as Appendix II of this Report.

The High Commissioner for Australia in Canada signed on behalf of the Government of the Commonwealth of Australia. The Prime Minister and the Chairman of the Mutual Aid Board signed for Canada.

CHAPTER 9

THE WEST INDIES

In general the British Colonies have been regarded as part of the United Kingdom for the purpose of ascertaining, under Mutual Aid, Britain's essential requirements and her ability to pay in Canadian dollars. The West Indies presented a special case, however. Canada has enjoyed close relations with the West Indian colonies for many years before the war. Now under war conditions these colonies must look to Canada for their supplies of a number of essential foodstuffs. Canada's responsibility as a source of supply for them is recognized by the Combined Food Board. It is strategically necessary that these areas—in which are situated several of the key naval bases of the Western Hemisphere—should continue to obtain essential foods from Canada.

STERLING AREA RELATIONSHIP

While the situation varies from one colony to another, the West Indies as a whole, including British Guiana and British Honduras, require from Canada supplies to a value far in excess of the value of the goods they furnish to Canada. Consequently they must buy Canadian dollars from Britain in order to pay for a substantial part of the supplies they receive from Canada. This in turn leaves Britain with less Canadian dollars to pay for what she obtains herself in Canada, and makes it necessary to provide Britain with more Mutual Aid, or some alternative form of assistance. Consequently it was recognized that if some supplies were provided directly to the West Indies on Mutual Aid, it would reduce the need for Mutual Aid to Britain herself and would at the same time provide direct and tangible assistance to the West Indies themselves, and a demonstration of Canada's direct interest in them. The West Indies along with other parts of the Sterling Area, have in fact benefited from the various financial measures which Canada has taken to ensure that Britain, and thereby the sterling area as a whole, was supplied with Canadian dollars to obtain essential supplies from Canada. The benefit to the West Indies

of direct shipments under Mutual Aid will be more readily apparent to the recipients than was the indirect benefit obtained heretofor.

PROVISION OF FLOUR

The Mutual Aid Board therefore arranged to provide a substantial quantity of Canadian flour to the West Indies as Mutual Aid. The flour was allocated between the colonies in proportion to their population. Flour was considered to be much the most appropriate form for this aid to take, because all the colonies require flour from Canada, and it is one of the most essential of all items. The total amount of flour being made available in this way is 399,200 barrels, at a cost of \$2,714,560. The value of shipments up to March 31 was \$874,478.

CHAPTER 10

INDIA

The only supplies out of the Mutual Aid appropriation which have gone to India have been a portion of a gift of 100,000 tons of wheat, which was offered to the Government of India last winter on receipt of news of the serious famine situation in that country, especially in the Province of Bengal.

The offer was made subject to the inevitable war-time reservation that shipping would have to be found to move the wheat and unfortunately, up to the present, it has not been possible to secure the amount of shipping required to move the entire gift over the long haul from Canada to India. Cargoes of Canadian wheat, however, have already reached India and more will be moved as the occasion arises, thus adding to the essential food reserves there.

CHAPTER 11

ADMINISTRATION

In accordance with the assurance given Parliament by the Chairman when the Mutual Aid Act was being passed, the Board has made use, wherever possible, of existing governmental machinery and has created only such new administrative organization as was urgently needed. The Board's own administration is, therefore, small, with only ten persons on its payroll at March 31, 1944. The help of other Government departments and agencies was enlisted both directly and through the establishment of interdepartmental committees.

The administration itself includes a director, Karl C. Fraser, who was appointed by Order in Council in July, 1943; a senior assistant to the director, on loan from the Department of Trade and Commerce, and two assistants to the director, one of whom is an ordnance officer on loan from the army. The Chief Treasury Officer of the Department of Munitions and Supply acts in the same capacity for the Board, and the accounting for the Board is done by the Treasury and the various procuring departments.

NATURE OF WORK

This administration is concerned with the central direction of the work arising from the Board's operations. This includes the receiving and examination of both programmes and spot requests for war supplies under Mutual Aid, consultation with other departments and agencies about the availability of supplies and the essentiality of the requirements, clearance with Washington agencies in the manner indicated below, to avoid duplication of requests, the placing of requisitions with the proper procurement agencies, the certification of documents and authorization of payment, and in some cases the arrangement of assembly storage and delivery of the supplies. The detailed work of procurement is carried out chiefly by the Department of Munitions and Supply, and also by the Department of Agriculture, Department of Trade and Commerce, Department of Fisheries and, latterly, the Canadian Export Board. The Mutual Aid Administra-

tion itself arranges for the procurement of and payment for certain minor items which do not fall within the field of operations of any of these other existing agencies—for example ships' stores for the merchant vessels of the U.S.S.R.

INTERDEPARTMENTAL COMMITTEE

It was considered desirable that senior officials of those government departments and agencies concerned with Mutual Aid matters should be nominated as liaison officers for consultation with the administration. To facilitate the work of such officers an interdepartmental committee on Mutual Aid was established to include these representatives of the Departments of External Affairs, National Defence, Finance, Munitions and Supply, Agriculture, Fisheries, Trade and Commerce, and of the Wartime Prices and Trade Board, along with the director of administration of the Board and his assistants and the secretary of the Board.

WASHINGTON ADVISORY COMMITTEE

Mutual Aid operations require many consultations with various United States authorities, including the Army, the Navy, the Foreign Economic Administration, and various specialized agencies. They also require a considerable number of contacts with the Combined Boards in Washington, including particularly the Munitions Assignment Board, and also contacts with certain of the British missions and officers stationed in Washington. To facilitate the orderly carrying out of much of this Mutual Aid business in Washington, a Washington Advisory Committee was established under the Mutual Aid Board. It includes the chairman of the Canadian Joint Staff, the Minister-Counsellor of the Embassy, the Resident Deputy Canadian member of the Combined Production and Resources Board, the Director General of the Department of Munitions and Supply, Washington office, and the Financial Attaché of the Embassy, with a secretary on loan from the Department of Trade and Commerce.

This Committee has proven very useful, both in looking after the many Mutual Aid enquiries and consultations in Washington, and in advising the Board and its administration.

JOINT WAR AID COMMITTEE

In order to deal with certain Mutual Aid problems, an organized and continuing agency of consultation with the United States Government was necessary. This need first became evident in the endeavour to work out joint and consistent programs to aid China, to avoid duplication and overlapping of such programs and to take into account the limitations imposed by transportation and storage difficulties.

As a consequence, the President of the United States and the Prime Minister announced the appointment of a Joint War Aid Committee—United States-Canada “to study problems which arise out of the operations of the Canadian Mutual Aid Board and United States Lend-Lease programmes, and where necessary to make recommendations concerning them to the proper authorities”. On the Canadian side, this Joint Committee includes the members of the Washington Advisory Committee of the Mutual Aid Board, and on the American side it includes members from the Army, the Munitions Assignment Board, the War Production Board, the Foreign Economic Administration, and the State Department. There is both an American and a Canadian secretary.

MUNITIONS ASSIGNMENT COMMITTEE

Those items of military supplies, produced in Canada, which are in relatively short supply are subject to a process of assignment each month among the various military claimants, on the basis of immediate strategic need. The destinations to which each month's production of these items will be sent is determined at a meeting in the preceding month at which are present representatives of all the forces with competing claims, who “bid” for the output they need. This last minute determination of shipments overrides the contractual interests of the competing claimants and permits a continuing review of the disposition of military supplies in the light of the latest intelligence and strategic plans.

There is an important committee in London doing work of this kind in relation to British, Indian and Dominion requirements, and in Washington there is, directly under the Combined Chiefs of Staff, the

Munitions Assignment Board dealing with American, British and other requirements on American supplies. In Canada there is the Canadian Munitions Assignments Committee handling the assignment of Canadian items. At this Committee the various needs for assignable Canadian products are presented and the disposition of the next month's production worked out. The Director of Administration of the Mutual Aid Board became a member of this Committee in order to bid for supplies on behalf of countries other than Canada, who were not already represented through the British Army Staff or the United States War Department.

NATURE OF GENERAL PROCEDURE

Applications for Mutual Aid from Canada are made in the first instance to the Department of External Affairs. They are considered there from the point of view of Canada's general international policy.

Detailed requests are then furnished to the Administration of the Board. Wherever possible an attempt is made to get a complete program in advance for study and presentation to the Board, but changing circumstances inevitably lead to requests for many individual spot items as well.

The possibility of providing and supplying the various items requested is then studied in detail by the various Government agencies concerned, as provided in the Board's regulations. The strategic essentiality is considered by the Army, Navy and Air Force authorities in most cases of importance, and by other agencies as the Board directs—for example, by the Food Requirements Committee in the case of food-stuffs. In some cases the views of the Washington Advisory Committee are obtained.

Financial aspects of programs and arrangements, including the ability of a country to pay for the supplies it requires from Canada, are investigated by the Department of Finance.

The programmes or specific items are then taken to the Board for consideration in the light of the information and advice from the Administration and other agencies concerned. The programmes and items

approved by the Board as Mutual Aid are then passed on by the Administration to the various procurement Departments.

Funds are advanced from the Mutual Aid appropriation by the Chief Treasury Officer of the Mutual Aid Board, as required, to the procurement Departments to meet the costs of the supplies requisitioned by the Board as they are delivered. Deliveries of certain items are subject to assignment in the way described above. In the case of supplies going to the U.S.S.R., China and the French Committee, the Mutual Aid Administration makes the necessary arrangements for shipment.

CONCLUSION

Canada is in the forefront in furnishing well-trained and well-equipped armed forces to fight side by side with our Allies on the sea and land and in the air; and, in evaluating the Mutual Aid contribution made by this Dominion to date, it would appear that though Canada's contribution to the war in terms of the suffering borne by the people of England, France, Russia and China, has been providentially small, in terms of material resources it has been creditable by any comparison. It approaches, if indeed it has not attained, the utmost material contribution which Canada pledged herself to make.

The more effective the Canadian contribution, the lower will be the ultimate cost in lives and money and the earlier the day of victory.

APPENDIX I

An Act for granting to His Majesty aid for the purpose of making available Canadian War Supplies to the United Nations.

(Assented to 20th May, 1943.)

Preamble

Whereas Canada, in association with other nations, is at war with Germany, Italy, Japan and their associates; and whereas it is essential to the defence and security of Canada and to the cause of world freedom that Canada should make the utmost contribution to the victory of the United Nations; and whereas it is necessary that the products of Canadian war industry be made available not only for use by Canadian forces, but also to other United Nations, in accordance with strategic needs, in such manner as to contribute most effectively to the winning of the war; and whereas it is expedient that the conditions upon which Canadian war supplies are made available to other United Nations should not be such as to burden postwar commerce or lead to the imposition of trade restrictions or otherwise prejudice a just and enduring peace: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

Short Title

1. This Act may be cited as *The War Appropriation (United Nations Mutual Aid) Act, 1943.*

Definitions

2. In this Act and in any regulation made thereunder, unless the context otherwise requires:

"Board"

(a) "Board" means the Canadian Mutual Aid Board constituted by section three of this Act;

Regulation

(b) "regulation" means a regulation made under the authority of section six of this Act;

"United Nations"

- (c) "United Nations" means the signatories to the Declaration by United Nations, done at Washington on the first day of January, one thousand nine hundred and forty-two, and includes any other nation or authority which may be designated by the Governor in Council as being associated with Canada in the prosecution of the present war;

"War Supplies"

- (d) "war supplies" means
- (i) any weapon, munition, aircraft or ship;
 - (ii) any machinery, facility, tool, material or supply necessary for the manufacture, production and processing, repair, servicing or operation of any article described in this paragraph;
 - (iii) any component material or part of or equipment for any article described in this paragraph;
 - (iv) any agricultural product; and
 - (v) such other commodities, articles or services as may from time to time be designated by the Governor in Council as essential to the conduct of the war or to the relief and maintenance of any United Nation.

Canadian Mutual Aid Board

3. (1) There shall be a Board to be called the Canadian Mutual Aid Board consisting of the Minister of Munitions and Supply, the Minister of National Defence, the Minister of Finance, the Minister of Agriculture and the Minister of Justice, acting as a committee of the King's Privy Council for Canada, which shall be charged with the administration of this Act.

Chairman

(2) The Minister of Munitions and Supply shall be the chairman of the Board.

Officers, Clerks and Employees

(3) The Board, with the approval of the Governor in Council, may appoint and fix the remuneration of such

officers, clerks and other employees as are necessary for the proper conduct of its business and for that purpose may require the services of any department or agency, or of any officer or employee of any department or agency, of the Government of Canada.

Board May Make War Supplies Available to the United Nations

4. (1) The Board may, on behalf of His Majesty, in accordance with the strategic needs of the war, contribute, exchange, deliver, transfer title to or possession of or otherwise make available war supplies to any of the United Nations other than Canada and for that purpose or as incidental thereto may cause to be purchased or otherwise acquired or procured war supplies in Canada through the agency of the Minister of Munitions and Supply or any other agency of His Majesty and, subject to the provisions of section five of this Act, may provide or make available the funds required to pay expenditures incurred in carrying out the purposes described herein.

Consideration

Terms and Conditions to be Approved by the Governor in Council

(2) It shall be good and sufficient consideration for making war supplies available to any of the United Nations hereunder that the said war supplies are to be used in the joint and effective prosecution of the war, but no war supplies shall be so made available to any of the United Nations except upon terms and conditions approved by the Governor in Council or by regulations, and the Governor in Council may require, in respect of specific classes of supplies or any specific transfer of supplies under subsection one of this section, such payment or repayment in kind or property or such reciprocal action or provision of supplies or such other direct or indirect benefit as the Governor in Council deems appropriate.

\$1,000,000,000 May be Paid Out of the C.R.F.

5. There may be paid out of the Consolidated Revenue Fund, for the purposes of this Act, a sum or sums not exceeding one thousand million dollars (\$1,000,000,000) exclusive of any sums paid for war supplies for which

payment shall be made in cash by any of the United Nations to which such supplies shall be made available hereunder.

Regulations

6. The Governor in Council may, on the recommendation of the Board, make regulations for the purpose of carrying out the objects of this Act, according to its true intent and purpose, and, in particular, but without limiting the generality of the foregoing, may make regulations:

- (a) prescribing the terms and conditions under which war supplies may be made available to any of the United Nations;
- (b) prescribing the procedure to be followed by the Board in carrying out its duties under this Act;
- (c) prescribing rules to determine the value of war supplies.

Loan authorized; 1931, c. 27

7. (1) The Governor in Council may, in addition to the sums now remaining unborrowed and negotiable of the loans authorized by Parliament by any Act heretofore passed, raise by way of loan, under the provisions of *The Consolidated Revenue and Audit Act, 1931*, by the issue and sale or pledge of securities of Canada in such form, for such separate sums, at such rate of interest and upon such other terms and conditions as the Governor in Council may approve, such sum or sums of money, not exceeding in the aggregate the sum of one thousand million dollars (\$1,000,000,000) as may be required for the purposes of this Act.

Charge upon Consolidated Revenue Fund

(2) The principal raised by way of loan under this Act and the interest thereon shall be a charge upon and payable out of the Consolidated Revenue Fund.

Annual Report to Parliament; Proviso

8. As soon as practicable after the close of each fiscal year, the Board shall prepare and lay before Parliament a report of operations under this Act: Provided that such report shall not contain any information the disclosure of which would, in the opinion of the Governor in Council, be prejudicial to the security of Canada or of any other United Nation.

APPENDIX II

AGREEMENT BETWEEN THE GOVERNMENTS
OF CANADA AND THE UNITED KINGDOM
ON THE PRINCIPLES APPLYING TO THE
PROVISION BY CANADA OF CANADIAN
WAR SUPPLIES TO THE UNITED KINGDOM
UNDER THE WAR APPROPRIATION
(UNITED NATIONS MUTUAL AID) ACT OF
CANADA 1943

Signed at Ottawa, February 11, 1944

Whereas Canada and the United Kingdom are associated in the present war, and

Whereas it is desirable that war supplies should be distributed among the United Nations in accordance with strategic needs of the war and in such manner as to contribute most effectively to the winning of the war and the establishment of peace, and

Whereas it is expedient that the conditions upon which such war supplies are made available by one United Nation to another should not be such as to burden post-war commerce, or lead to the imposition of trade restrictions or otherwise prejudice a just and enduring peace, and

Whereas the Governments of Canada and the United Kingdom are mutually desirous of concluding an agreement in regard to the conditions upon which Canadian war supplies will be made available to the United Kingdom,

The Undersigned, being duly authorized by their respective Governments for the purpose, have agreed as follows:—

Article I

The Government of Canada will make available under the War Appropriation (United Nations Mutual Aid) Act of Canada, 1943, to the Government of the United Kingdom such war supplies as the Government of Canada shall authorize from time to time to be provided.

Article II

The Government of the United Kingdom will continue to contribute to the defence of Canada and the strengthening thereof and will provide such articles, services, facilities or information as it may be in a position to supply and as may from time to time be determined by common agreement in the light of the development of the war.

Article III

The Government of the United Kingdom will, in support of any applications to the Government of Canada for the provision of war supplies under this agreement, furnish the Government of Canada with such relevant information as the Government of Canada may require for the purpose of deciding upon the applications and for executing the purposes of this agreement.

Article IV

The Government of the United Kingdom agrees to use any war supplies delivered to it under this agreement in the joint and effective prosecution of the war.

Article V

The Government of the United Kingdom will not without the consent of the Government of Canada sell to any other Government or to persons in other countries war supplies delivered to it under this agreement.

Article VI

The Government of Canada will not require the Government of the United Kingdom to re-deliver to the Government of Canada any war supplies delivered under this agreement except as specifically provided in Articles VII and VIII and subject to any special agreement which may be concluded in the circumstances contemplated in Article IX.

Article VII

Title to any cargo ships delivered under this agreement will remain with the Government of Canada and the ships shall be chartered to the Government of the United Kingdom on terms providing for their re-delivery.

Article VIII

Upon the cessation of hostilities in any major theatre of war, any war supplies which have been transferred to the Government of the United Kingdom under this agreement and are still in Canada or in ocean transit shall revert to Canadian ownership, except those supplies destined for a theatre of war in which hostilities have not ceased or supplies made available for relief purposes or such other supplies as the Government of Canada may specify.

Article IX

The Government of Canada reserves the right to request:

(a) the delivery, after the cessation of hostilities in any theatre of war, for relief and rehabilitation purposes, to another United Nation or to an international organization, of automotive equipment supplied under this agreement;

(b) the transfer to Canadian forces serving outside Canada after the cessation of hostilities of vehicles, aircraft, ordnance or military equipment supplied under this agreement to the Government of the United Kingdom if such war supplies are required for the use of such Canadian forces and are not required by the Government of the United Kingdom for military operations; and

(c) the return to Canada after the war, if required in Canada for Canadian purposes, of aircraft and automotive equipment supplied under this agreement which may still be serviceable, due regard being had to the degree of wastage likely to have been suffered by these articles, provided that when the identity of such Canadian equipment has been lost as a result of pooling arrangements or for other reasons, the Government of the United Kingdom may substitute equipment of a similar type.

The Government of the United Kingdom agrees to use its best endeavours to meet any such requests on such reasonable terms and conditions as shall be settled in consultation with the Government of Canada.

Article X

The Governments of Canada and the United Kingdom re-affirm their desire to promote mutually advantageous economic relations between their countries and throughout the world. They declare that their guiding purposes include the adoption of measures designed to promote employment, the production and consumption of goods, and the expansion of commerce through appropriate international agreements on commercial policy, with the object of contributing to the attainment of all the economic objectives set forth in the Declaration of August 14th, 1941, known as the Atlantic Charter.

Article XI

This agreement will take effect as from this day's date. It shall apply to war supplies furnished to the Government of the United Kingdom by the Government of Canada under the authority of the War Appropriation (United Nations Mutual Aid) Act of Canada, 1943, or substituted Act, including supplies furnished under the said Act before the conclusion of this agreement. It shall continue in force until a date to be agreed upon by the two Governments.

Dated at Ottawa, this eleventh day of February, nineteen hundred and forty-four.

Signed for and on behalf of the
Government of Canada

W. L. MACKENZIE KING.
C. D. HOWE.

Signed for and on behalf of the
Government of the United Kingdom

MALCOLM MacDONALD.

2/1/48 E.S.

Government
Publications

464997
Canada. Mutual Aid Board
Report.
[1st] (1943/44)

Gov. Doc
Can
Mut

University of Toronto
Library

DO NOT
REMOVE
THE
CARD
FROM
THIS
POCKET

Acme Library Card Pocket
LOWE-MARTIN CO. LIMITED

